For Business Owners

Buying or Selling

YOUR M&A PLAYBOOK

Because this decision is too big to figure out alone.

Built from real deals, real data, and lessons most people learn the hard way.

A FREE RESOURCE

01 THE HARD TRUTH

Most M&A deals destroy value. Not create it.

This isn't cynicism — it's what decades of research say. And the first step to being different.

70–90%

of deals fail to create the value they promised

Harvard Business Review, 2011 & 2016

$4.7T

global M&A deal value in 2025 - up 43% from 2024

McKinsey, February 2026

6–12 mo

is how long selling a middle-market business takes

Houlihan Capital; PreferredCFO

But here's the flip side — and it's powerful

Bain & Company's 20-year study: frequent acquirers earn more than double the returns of non-acquirers. That advantage grew from 57% (2000–2010) to 130% (2012–2022). M&A isn't broken - how most people do it is.

The #1 mistake business owners make: Waiting until you're ready to sell (or buy) to start preparing. The most successful outcomes come from owners who started years before.

02 WHICH SIDE ARE YOU ON?

Buying and selling are different journeys.

If You're BUYING

Find the right target, pay fair, make the combined business worth more.

Your biggest risks:

- Overpaying — #1 failure cause (HBR, McKinsey, Bain)
- Missing red flags in due diligence
- Botching integration - 83% of failed-deal execs blame this (Bain)
- Losing objectivity once you love the deal

If You're SELLING

Prepare your business, attract the right buyers, negotiate the best total deal.

Your biggest risks:

- Starting unprepared
- Unrealistic price expectations
- Focusing only on headline price, ignoring total terms
- Letting performance slip during the sale process

Whether buying or selling, you need a team:
M&A attorney + financial advisor/CPA + M&A advisor. The sooner you assemble your team, the better.

03 SELLING: GET READY

Preparation is where sellers win or lose.

The best time to prepare? Years before. The second best? Right now.

Clean up your financials

Restate with add-backs. Get quality of earnings report. Messy books = lower price. (Meaden & Moore; Houlihan Capital)

Reduce owner dependency

Business that runs without you = worth more. Build management team. Document everything. (Keene Advisors)

Diversify your customer base

High concentration is a red flag for every buyer. Start now. (Black Diamond Capital Advisory)

Know your ownership structure

Who must approve? Investors? Partners? Find blockers early. (Keene Advisors; Houlihan Capital)

Define YOUR motivation

Retirement? Growth? Lifestyle? Your reason shapes deal structure and buyer type. (Houlihan Capital)

Understand the timeline

Most middle-market sales: 6–12 months. Prepared companies sell faster and for more. (PreferredCFO)

2025 lesson: AI disclosure now expected: If you've used AI tools, be ready to disclose during DD. Buyers are sensitive to confidentiality risks. (MacElree Harvey, Dec 2025)

04

BUYING: STRATEGY FIRST

Don't start shopping until you know what you need.

"Deals fail more from weak strategy and poor integration than from price or diligence issues."

Why buy instead of build?

M&A should solve a specific problem that organic growth can't solve fast enough.

What does the ideal target look like?

Define size, sector, geography, margins, growth, concentration BEFORE you start looking.

What's your maximum price?

Set guardrails: max multiple, min return, acceptable debt. Write it down.

Can you actually integrate this?

83% of execs who've had failed acquisitions pointed to integration as the primary problem.

What makes you walk away?

Define deal-breakers in writing before you start. Without pre-set limits, discipline dies.

05 VALUATION

How they figure out what your business is worth.

No single "right" number. Multiple methods build a range — then you negotiate.

Comparable Companies

How similar public companies trade now

Your baseline — no control premium

Precedent Transactions

What buyers paid in recent similar deals

Includes 20–40% control premium (WSP, CFI)

Discounted Cash Flow

Future profits discounted to today's value

Most rigorous but sensitive to assumptions

Earnings Multiple

Adjusted EBITDA × market multiple

Most common in middle-market deals

If selling: Don't name your price first — let the buyer make the first offer. (Meaden & Moore, 2025)
If buying: Always use multiple methods. One number from one method is not good enough.

06 THE PROCESS

What actually happens from start to finish.

1	**Assemble your team**	M&A advisor + attorney + CPA. Do this FIRST.
2	**Prepare / Define strategy**	Sellers: CIM, financial model. Buyers: target criteria.
3	**Go to market**	Your advisor reaches buyers or identifies targets.
4	**Indications of Interest**	Buyers submit preliminary, non-binding offers.
5	**Management meetings**	Top 2–4 counterparties meet in person.
6	**Letter of Intent (LOI)**	Binding price & key terms. Exclusivity begins.
7	**Due diligence**	Deep investigation: financial, legal, ops, HR, tax.
8	**Negotiation & closing**	Purchase agreement signed. Wire transfer. Done.
9	**Transition & integration**	Handover period. You may stay 6–24 months.

Timeline: Small private = 60–90 days · Mid-market = 6-12 months · Large public = 12-18 months

07 DUE DILIGENCE

Problem found in DD = leverage.
Problem found after close = disaster.

Financial:	3-5yr audited financials · Quality of earnings · EBITDA adjustments · Working capital
Legal:	Corporate structure · Top 20 contracts · Litigation · IP · Change-of-control triggers
Customers:	Customer list · Concentration · Contracts · Churn · Pipeline quality
Operations:	Tech stack · Supply chain · Key employees · Cybersecurity
Culture & People:	Org chart · Retention risk · Comp benchmarking · Management depth
Tax:	Compliance · Transfer pricing · Loss carryforwards · Deal structuring

08 NEGOTIATION

Price is important. But it's not everything.

A $10M offer where only $7M is cash at close can be worse than an $8.5M all-cash deal.

1. **Cash at close**
   How much you actually receive on day one. The safest money.
2. **Earnouts**
   Payments tied to future performance. Valuable or risky depending on who controls ops.
3. **Seller note**
   You're lending the buyer money. Adds risk - what if they can't pay?
4. **Escrow / holdback**
   10–15% held back for post-close claims. You get it back if nothing goes wrong.
5. **Non-compete**
   You'll sign one. Still enforceable in M&A.
6. **Working capital adj.**
   If you drain cash before close, buyer adjusts price down. Run normally.

Don't negotiate alone. An experienced M&A advisor and attorney will pay for themselves many times over.

09 AFTER THE DEAL

The handshake is just the beginning.

"Deals fail more from weak strategy and poor integration than from price or diligence issues."

If you SOLD

- Expect to stay 6-24 months for transition
- Help key customers through the change
- Train your replacement, their success = your earnout
- Honor your non-compete
- Plan finances and next chapter

If you BOUGHT

- Day 1: Communicate clearly to ALL employees
- Week 1: Call top 20 customers personally
- Month 1: Sign retention deals for key talent
- Month 2: Capture quick-win synergies
- Month 3: Present integration roadmap

On synergies - be brutally realistic: only 30% of acquirers hit synergy targets. Stress-test at 50%. Cost synergies justify price. Revenue synergies = upside only.

Is now a good time to buy or sell?

Every number has its exact source listed.

What	The Data	What It Means	Source
Total deal value	**$4.7 trillion**	Up 43% from $3.3T in 2024	*McKinsey, Feb 2026*
$10B+ deals	**60 deals**	Most since the 2021 peak	*McKinsey, Feb 2026*
$5B+ deals	**111 deals**	Up 76% from 63 in 2024	*PwC, Jan 2026*
PE activity	**$1.2 trillion**	Up 54% from $783B in 2024	*McKinsey, Feb 2026*
CEO M&A plans	**41%**	Plan major acquisition in 3 years	*PwC CEO Survey 2026*
Scope deals	**60% of >$1B**	Highest ever - buying new capabilities	*Bain, Dec 2025*

What top banks are telling clients:
Barclays: "conviction cycle, not volume cycle." PwC: "K-shaped" market. J.P. Morgan's Foley (Dec 2025): "Don't be complacent - if the money's there today, take advantage."

11 YOUR CHECKLIST

Before you sign anything — check every box.

- [ ] I know WHY I'm buying/selling — can explain in one sentence
- [ ] I've assembled my team: M&A advisor + attorney + CPA
- [ ] My financials are clean, audited, and tell the real story
- [ ] I understand how my business will be valued (independent valuation done)
- [ ] I've identified my deal-breakers and written them down
- [ ] I know the difference between price and total deal economics
- [ ] I have a plan for due diligence
- [ ] I've thought about what happens AFTER the deal closes
- [ ] I have qualified professionals, not just friends and family advice
- [ ] I understand this takes 6–12 months and I'm committed
- [ ] I'm prepared to walk away if the deal isn't right

You've built something worth protecting.

Whether you're selling the company you spent decades building,
or buying one that will define your next chapter —
this is one of the biggest decisions you'll ever make.

Don't rush it. Don't wing it. Don't do it alone.

Get the right people around you, prepare thoroughly, and trust the process.

IBGRID

This playbook was created purely to help. No strings attached.
If you ever need a sounding board: **hi@ibgrid.com**

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